

CONTRACT #6
RFS # 318.65-148

**Department of Finance
& Administration
Bureau of TennCare**

VENDOR:
Fox Systems, Inc.



STATE OF TENNESSEE
BUREAU OF TENNCARE
310 Great Circle Road
NASHVILLE, TENNESSEE 37243

RECEIVED

JAN 20 2006

FISCAL REVIEW

January 19, 2006

Mr. Jim White, Director
Fiscal Review Committee
8th Floor, Rachel Jackson Bldg.
Nashville, TN 37243

Attention: Leni Chick

RE: Bureau of TennCare Contracts Submitted for Fiscal Review

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #3 to First Health Services Corporation and amendment #7 to Fox Systems, Inc.

Fox Systems, Inc. is being amended to extend the term for an additional two months. The Bureau needs to extend this contract in order to fully complete the Request for Proposal and award new contract for TCMIS support services. The RFP is currently nearing completion and has been submitted to Office of Information Resources (OIR) for their review prior to proceeding with release through the Office of Contracts Review. Due to the many changes brought about by the implementation of TennCare reform, and the many aspects that these changes effect system procedures, this RFP has taken longer than expected to complete and receive approval, necessitating the term extension. Due to fewer hours used than previously projected in this contract, there will be no additional funds associated with this amendment.

First Health Services Corporation is being amended to reflect the changes to the TennCare pharmacy benefits program as required by the federal orders of *Grier Revised Consent Decree* (Modified). These changes include, but are not limited to: Script Limit edits, Tiered Co-pay edits, Step Therapy, DEA Number edit, Drug Dosage and Dose Optimization Edits, Drug Duplication of Therapy Edits, OTC Drug Coverage Elimination and Prior Authorization Reconsideration. Also included are staffing and payment schedules for staffing changes brought about as result of *Grier Revised Consent Decree*.

**Mr. Jim White, Director
Fiscal Review Committee
Page 2**

TennCare is also strengthening Lobbying and Conflict of Interest language and including new Gratuities language.

The Bureau of TennCare would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Gaither", with a stylized flourish at the end.

**Keith Gaither
Deputy Chief Financial Officer**

**Cc: J. D. Hickey, Deputy Commissioner
Darin Gordon
Alma Chilton**

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

 Commissioner of Finance & Administration
 Date:
EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	318.65-148	
2) State Agency Name :	Department of Finance and Administration Bureau of TennCare	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Support Services for TCMIS	
4) Contractor :	Fox Systems, Inc.	
5) Contract #	FA-03-15071-00	
6) Contract Start Date :	September 15, 2002	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	March 31, 2006	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$4,335,324.00	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	7	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	March 31, 2006	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	May 31, 2006	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$4,335,324.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Proposed amendment extends term for additional two months. No additional scope of services will be added.		
15) Explanation of Need for the Proposed Amendment :		
The Bureau of TennCare has a need for extension of this contract in order to fully complete Request for Proposal (RFP) and award		

new contract for support services for TCMIS. The RFP is currently nearing completion and has in fact been submitted to the Office of Information Resources (OIR) for their review prior to proceeding with release through Office of Contracts Review. Due to the many changes brought about by the implementation of TennCare reform, and the many aspects that these changes affect system procedures, this RFP has taken longer than expected to complete and receive approval, necessitating an additional period of time to the current contract.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Company is Employee Owned
Mark Shishida, Chief Executive Officer
4110 North Scottsdale Road, Suite 343
Scottsdale, AZ 85251

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

X

Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:

X

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:

X

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

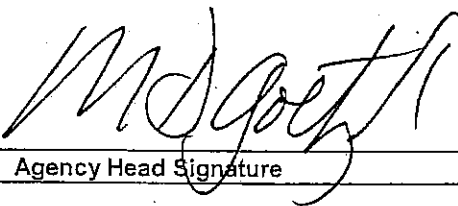
TennCare has developed and is currently preparing to release RFP for systems support.

21) Justification for the Proposed Non-Competitive Amendment :

The Bureau of TennCare is requesting approval to extend the Fox Systems contract for an additional two months. By doing so, we will be able to continue with systems support until the new contractor can begin work. There will be no additional funds associated with this amendment.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature

1-19-06

Date

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	318.65-148	Contract Number:	FA-03-15071-07
State Agency:	Department of Finance and Administration	Division:	Bureau of TennCare
Contractor:		Contractor Identification Number	
Fox Systems, Inc.		X V- C-	680121468 00

Service Description

Support Services for TCMIS

Contract Begin Date	Contract End Date
09/15/02	05/31/2006

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
318.65	112	083	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003			\$930,440.00		\$930,440.00
2004	\$174,748.00	\$524,244.00	\$343,510.00		\$1,042,502.00
2005	\$403,862.00	\$1,211,600.00			\$1,615,462.00
2006	\$186,730.00	\$560,190.00			\$746,920.00
Total:	\$765,340.00	\$2,296,034.00	\$1,273,950.00		\$4,335,324.00

CFDA #	93.778 Department of Health & Human Services Title XIX	Check the box ONLY if the answer is YES.
---------------	---	---

State Fiscal Contact		
Name:	Scott Pierce	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Address:	310 Great Circle Road	Is the Contractor a VENDOR? (per OMB A-133) x
Phone:	Nashville, TN 37243 (615) 507-6415	Is the Fiscal Year Funding STRICTLY LIMITED?
Procuring Agency Budget Officer Approval Signature		Is the Contractor on STARS? x
		Is the Contractor's FORM W-9 ATTACHED?
		Is the Contractors Form W-9 Filed with Accounts? x

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
END DATE →	06/30/05	05/31/2006		
FY: 2003	\$930,440.00			
FY: 2004	\$1,042,502.00			
FY: 2005	\$1,615,462.00			
FY: 2006	\$746,920.00			
FY:				
Total:	\$4,335,324.00	0		

**AMENDMENT #7 TO
CONTRACT FA-03-15071-00
BETWEEN
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
FOX SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section B.1 in its entirety and insert the following in its place:

B.1 This Contract shall be effective for the period commencing on September 15, 2002 and ending on May 31, 2006. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. Delete the first paragraph of Section C.3 in its entirety and insert the following in its place. The remainder of Section C.3 remains unchanged:

C.3 The Contractor shall be compensated based on Service Rates in Attachment A, Attachment A.1, Attachment B, Attachment B.1 and Attachment C for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1 The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A, Attachment A, Attachment A.1, Attachment B, Attachment B.1, Attachment C, Attachment D, and Attachment E, E.1 and Attachment E.2.

3. Add Attachment E.2 to contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

Mark Shishida, Chief Executive Officer

Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date


Attachment E.2

***TennCare Reform/Transition Implementation
April 1, 2006 – May 31, 2006***

Position	Duration	Maximum Rate/Hours	Not to Exceed Fixed Fee
Project Manager	April 1 – May 31, 2006	\$145.00 per hr/380 hrs	\$55,100.00
Consultants (3)	April 1 – May 31, 2006	\$135.00 per hr/1,140hrs	\$153,900.00
Totals		1,520 Total Hours	\$209,000.00

* Due to fewer hours used than projected, there will be no maximum liability increase required for this amendment.

CONTRACT SUMMARY SHEET

RFS Number: 318.65-148		Contract Number: FA-03-15071-06	
State Agency: Department of Finance and Administration		Division: Bureau of TennCare	
Contractor		Contractor Identification Number	
Fox Systems, Inc.		X V- C-	680121468 00
Service Description			
Support Services for TCMIS			
Contract Begin Date		Contract End Date	
09/15/02		03/31/2006	
Allotment Code	Cost Center	Object Code	Fund
318.65	112	083	11
		X on STARS	
FY	State Funds	Federal Funds	Interdepartmental Funds
2003			\$930,440.00
2004	\$174,748.00	\$524,244.00	\$343,510.00
2005	\$403,862.00	\$1,211,600.00	
2006	\$186,730.00	\$560,190.00	
Total:	\$765,340.00	\$2,296,034.00	\$1,273,950.00
CFDA # 93.778 Department of Health & Human Services Title XIX		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: Scott Pierce Address: 729 Church Street Phone: Nashville, TN (615) 741-8155		Is the Contractor a VENDOR? (per OMB A-133) x	
		Is the Fiscal Year Funding STRICTLY LIMITED?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor on STARS? x	
		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractors Form W-9 Filed with Accounts? x	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	
END DATE →	06/30/05	03/31/2006	
FY: 2003	\$930,440.00		
FY: 2004	\$1,042,502.00		
FY: 2005	\$1,615,462.00		
FY: 2006		\$746,920.00	
FY:			
Total:	\$3,588,404.00	\$746,920.00	

JUN 27 2005

RECEIVED
 2005 MAY 31 PM 3:56
 COMPTROLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	318.65-148	Contract Number:	FA-03-15071-05
State Agency:	Department of Finance and Administration	Division:	Bureau of TennCare
Contractor:		Contractor Identification Number:	
Fox Systems, Inc.		X V- C-	680121468 00

Service Description
Support Services for TCMIS

Contract Begin Date	Contract End Date
09/15/2002	06/30/2005

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
318.65	112	083	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003			\$930,440.00		\$930,440.00
2004	\$174,748.00	\$524,244.00	\$343,510.00		\$1,042,502.00
2005	\$403,862.00	\$1,211,600.00			\$1,615,462.00
Total:	\$578,610.00	\$1,735,844.00	\$1,273,950.00		\$3,588,404.00

CFDA #	93.778	Check the box ONLY if the answer is YES:
---------------	--------	---

State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Scott Pierce	Is the Contractor a VENDOR? (per OMB A-133)	x
Address:	729 Church Street	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	Nashville, TN (615) 532-1362	Is the Contractor on STARS?	x
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractors Form W-9 Filed with Accounts?	x

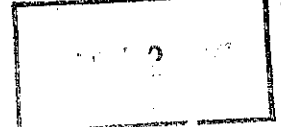
COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
END DATE →	06/30/2005			
FY: 2003	\$930,440.00			
FY: 2004	\$1,042,502.00			
FY: 2005	\$833,847.00	\$781,615.00		
FY:				
FY:				
Total:	\$2,806,789.00	\$781,615.00		

RECEIVED

DEC 21 2004

MANAGEMENT SERVICES

PROCESSED



CONTRACT SUMMARY SHEET

RFS Number:	318.65-148	Contract Number:	FA-03-15071-04
State Agency:	Department of Finance and Administration	Division:	Bureau of TennCare
Contractor:		Contractor Identification Number	
Fox Systems, Inc.		X V- C-	680121468 00

Service Description

Support Services for TCMIS

Contract Begin Date	Contract End Date
09/15/02	06/30/05

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
318.65	112	083	11	X on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003			\$930,440.00		\$930,440.00
2004	\$174,748.00	\$524,244.00	\$343,510.00		\$1,042,502.00
2005	\$208,462.00	\$625,385.00			\$833,847.00
Total:	\$383,210.00	\$1,149,629.00	\$1,273,950.00		\$2,806,789.00

CFDA #		Check the box ONLY if the answer is YES:
---------------	--	---

State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	Dean Daniel	Is the Contractor a VENDOR? (per OMB A-133)	x
Address:	729 Church Street	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	Nashville, TN (615) 532-1362	Is the Contractor on STARS?	x
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
 8/17/04		Is the Contractor's Form W-9 Filed with Accounts?	x


COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
END DATE →	06/30/05			
FY: 2003	\$930,440.00			
FY: 2004	\$1,042,502.00			
FY: 2005		\$833,847.00		
FY:				
FY:				
Total:	\$1,972,942.00	\$833,847.00		

OCT - 5 2004

RECEIVED
 2004 SEP 28 AM 9:57
 COMPTROLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

CONTRACT SUMMARY SHEET									
316.05-145				FA-03-15071-04					
Department of Finance and Administration				Bureau of TennCare					
Contractor: Fox Systems, Inc.				X V- C.		680121466 00			
Service Description: Support Services for TCMIS									
Contract Begin Date: 09/15/02				Contract End Date: 06/30/05					
316.05	112	063	11	X on STARS					
Fiscal Year		Fiscal Period		Interdepartmental		Total Contract Amount			
2003				\$930,440.00				\$930,440.00	
2004	\$174,748.00	\$524,244.00		\$343,310.00				\$1,042,502.00	
2005	\$208,482.00	\$626,385.00						\$833,847.00	
	\$383,210.00	\$1,149,629.00		\$1,273,050.00				\$2,806,789.00	
Dean Daniel 729 Church Street Nashville, TN (615) 532-1362									
Pursuant to T.C.A., Section 6-8-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.									
M. D. Goetz, Jr.									
FY: 2003 \$930,440.00									
FY: 2004 \$1,042,502.00									
FY: 2005 \$833,847.00									
FY:									
FY:									
\$1,972,943.00 \$833,847.00									

C O N T R A C T S U M M A R Y S H E E T

RFS Number: 318.65-148		Contract Number: FA-03-15071-03	
State Agency: Department of Finance and Administration		Division: Bureau of TennCare	
Contractor: Fox Systems, Inc.		Contractor Identification Number: 680121468 00	
Service Description: Support Services for TCMIS			
Contract Begin Date: 09/15/2002		Contract End Date: 06/30/2005	
Allotment Code: 318.65	Cost Center: 112	Object Code: 083	Fund: 11
		Grant: X on STARS	Grant Code:
			Subgrant Code:
FY:	State Funds	Federal Funds	Interdepartmental Funds
2003			\$930,440.00
2004	\$174,748.00	\$524,244.00	\$343,510.00
2005			
Total:	\$174,748.00	\$524,244.00	\$1,273,950.00
CFDA #: 93.778		Check the box ONLY if the answer is YES:	
State Fiscal Contact:		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: Dean Daniel	Address: 729 Church Street	Is the Contractor a VENDOR? (per OMB A-133) x	
Phone: (615) 532-1362	Nashville, TN	Is the Fiscal Year Funding STRICTLY LIMITED?	
Procuring Agency Budget Officer Approval Signature:		Is the Contractor on STARS? x	
		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractor's Form W-9 Filed with Accounts? x	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification:	
	Base Contract & Prior Amendments	This Amendment ONLY	
END DATE →	06/30/2004	06/30/2005	
FY: 2003	\$930,440.00		
FY: 2004	\$1,042,502.00		
FY: 2005		0	
FY:			
FY:			
Total:	\$1,972,942.00	0	

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

JUN 28 2004

RECEIVED
 2004 JUN 10 PM 3:11
 COMPTROLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

CONTRACT SUMMARY SHEET

RFS Number: 318.65-148 (formerly 317.03-086)		Contract Number: FA-03-15071-02	
State Agency: Department of Finance and Administration		Division: Bureau of TennCare	
Contractor		Contractor Identification Number	
Fox Systems, Inc.		<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;"> X V- C- </div> 680121468 00 </div>	
Service Description			
Support Services for TCMIS – Amendment #2 Transfers Contract from F&A, OIR to F&A, TennCare			
Contract Begin Date		Contract End Date	
09/15/02		06/30/04	
Allotment Code	Cost Center	Object Code	Fund
See Attached	See Attached	083	11
		Grant	
		X on STARS	
Grant Code	Subgrant Code		
FY	State Funds	Federal Funds	Total Contract Amount (including ALL amendments)
2003			\$930,440.00
2004	\$174,748.00	\$524,244.00	\$1,042,502.00
Total:	\$174,748.00	\$524,244.00	\$1,972,942.00
CFDA # 93.778		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: Dean Daniel Address: 729 Church Street Phone: Nashville, TN (615) 532-1362		Is the Contractor a VENDOR? (per OMB A-133) x	
		Is the Fiscal Year Funding STRICTLY LIMITED?	
		Is the Contractor on STARS? x	
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractor's Form W-9 Filed with Accounts? x	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →	06/30/04		
FY: 2003	\$930,440.00		
FY: 2004	\$900,862.00	\$141,640.00	
FY:			
FY:			
Total:	\$1,831,302.00	\$141,640.00	

JAN 29 2004

DIRECTOR OF ACCOUNTS

RECEIVED
 2004 JAN 26 AM 10:59
 COMPTROLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

CONTRACT SUMMARY SHEET									
RFS Number: 317.03-086		Contract Number: FA-03-15071-01							
State Agency: Finance and Administration		Division: OIR - Leslie Humphreys							
Contractor: Fox Systems, Inc.		Contractor Identification Number: 680121468							
		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-							
Service Description: Support services for the TennCare Management Information System. Amendment adds user acceptance testing and conversion management support services.									
Contract Begin Date: September 15, 2002				Contract End Date: June 30, 2004					
Allotment Code: 317.30		Cost Center: TNFOX		Object Class: 083		Fund: 15		Grant Code: <input type="checkbox"/> on STARS	
Subgrant Code:									
FY:		State Funds:		Federal Funds:		Independent Funds:		Other Funding:	
2003						\$930,440		\$930,440	
2004						\$900,862		\$900,862	
Total:						\$1,831,302		\$1,831,302	
CFDA #				Check the box ONLY if the answer is YES:					
State Fiscal Contract:				Is the Contractor a SUBRECIPIENT? (per OMB A-133)					
Name: Maureen Abbey				Is the Contractor a VENDOR? (per OMB A-139)					
Address: 20 th Floor, Snodgrass Tennessee Tower				Is the Fiscal Year Funding STRICTLY LIMITED?					
Phone: 741-6070				Is the Contractor on STARS?					
Procuring Agency Budget Officer Approval Signature:				Is the Contractor's FORM W-9 ATTACHED?					
				Is the Contractor's Form W-9 Filed with Accounts?					
COMPLETE FOR ALL AMENDMENTS (DO NOT)				Funding Certification					
Base Contract & Prior Amendments		This Amendment ONLY		Pursuant to 28 C.F.R. 5.6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.					
END DATE: 6/30/2004		6/30/2004		NOV - 7 2003					
FY: 2003		\$930,440		DIRECTOR OF ACCOUNTS					
FY: 2004		\$357,210		RECEIVED					
FY:				SEP 13 2003					
FY:				Office of Contracts Review					
FY:									
Total:		\$1,287,650		\$643,652					

CONTRACT SUMMARY SHEET

RFS Number:	317.03-086	Contract Number:	FA-03- 15071-00
State Agency:	FINANCE AND ADMINISTRATION	Division:	OIR - Velvet Hunter
Contractor		Contractor Identification Number	
Fox Systems, Inc.		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	680121468

Service Description:

Support services for the TennCare Management Information System

Contract Begin Date	Contract End Date
September 15, 2002	June 30, 2004

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.30	TNFOX	083	15	<input type="checkbox"/> on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003			\$930,440		\$930,440
2004			\$357,210		\$357,210
Total:			\$1,287,650.00		\$1,287,650.00

CFDA #	Check the box ONLY if the answer is YES:
State Fiscal Contact	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Name: MAUREEN ABBEY	Is the Contractor a VENDOR? (per OMB A-133) x
Address: 20 TH FL SNODGRASS BLDG. MDA 9/10/02	Is the Fiscal Year Funding STRICTLY LIMITED?
Phone: 741-6070	Is the Contractor on STARS? x
Procuring Agency Budget Officer Approval Signature	Is the Contractor's FORM W-9 ATTACHED?
	Is the Contractor's Form W-9 Filed with Accounts? x

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →			
FY:			
FY:			
FY:			
FY:			
FY:			
Total:			

PROCESSED
 OCT 18 2002
 ACCOUNTS

RECEIVED

RECEIVED
 2002 SEP 17 AM 10:52
 CONFIDENTIAL'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

**Representative Charles Curtiss
Chairman**

**Senator Don McLeary
Vice-Chairman**

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman
Don McLeary, Vice-Chairman

DATE: May 23, 2005

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 5/23/05)

RFS# 318.65-148

Department: Finance & Administration/Bureau of TennCare

Contractor: Fox Systems, Inc.

Summary: The contract amendment would allow for support services for the TennCare Management Information System. The contract amendment extends the term of the original contract by nine months beginning on 7/1/2005 and ending on 3/31/2006 and increases the maximum liability by \$746,920.

Original maximum liability: \$3,588,404

Maximum liability with amendment: \$4,335,324

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

CC: LSC

cc: Mr. J.D. Hickey, Deputy Commissioner, TennCare Bureau
Mr. Robert Barlow, Director, Office of Contracts Review



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE

FISCAL REVIEW COMMITTEE

320 Sixth Avenue North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Representative Charles Curtiss
Chairman

Senator Don McLeary
Vice-Chairman

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman
Don McLeary, Vice-Chairman

DATE: May 10, 2005

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 5/9/05)

RFS# 318.65-148

Department: Finance & Administration/Bureau of TennCare

Contractor: Fox Systems, Inc.

Summary: The contract amendment would allow for support services for the TennCare Management Information System. The contract amendment extends the term of the original contract by nine months beginning on 7/1/2005 and ending on 3/31/2006 and increases the maximum liability by \$746,920.

Original maximum liability: \$3,588,404

Maximum liability with amendment: \$4,335,324

After review, the Fiscal Review Committee voted to roll this contract amendment until the next scheduled meeting on May 23, 2005, subject to receipt from the TennCare Bureau of the contractor relationship documentation previously requested at the Committee's April 25, 2005, meeting.

CC: LSC

cc: Mr. J.D. Hickey, Deputy Commissioner, TennCare Bureau
Mr. Robert Barlow, Director, Office of Contracts Review

Attached please find excerpts regarding Fox Systems from our previous meetings on May 9, 2005 and May 23, 2005. I thought you might find this information useful as you review this amendment. Please let me know if you have any questions – thanks, Leni

May 9, 2005

Chairman McLeary: Called for a voice vote on approval of the Provident Life & Accident Insurance Company contract. *Passed unanimously with a favorable recommendation.*

Contract 2 (RFS#318.65-148 - Department of Finance and Administration with Fox Systems, Inc.) - Presenter: Mr. Brent Antony, Chief Information Officer, TennCare Bureau.

Mr. Antony: This contract amendment was presented two weeks ago but additional information was requested as to the amount remaining on the existing contract. Based on our research, our expectation is that there will be \$200,000 left on the existing contracts and amendment at the end of this period in June and as a result, we have reduced the amount of the request before you today by that amount.

Chairman McLeary: I am going to ask you the same question I asked last week - when the Bureau of TennCare appeared before us in December of 2004 with amendment #5, they stated that they would not be back with further amendments, so why are you here? Also, at the last meeting Representative Rowland requested a flowchart showing how things connect and we have not received that. Do you know where that is?

Mr. Antony: With respect to amendment #5, there are two pieces of work that Fox is assisting us with; the first is certification - CMS coming on site to verify that the system is functioning as intended in order to trigger the matching of federal funds and based on the amount we expect left on the contract at the end of June, those funds would cover certification rolling forward, so that is why we reduced the amount of the request. The second is reform - Fox is helping us with analysis, design, testing of the reform changes. The reason for the additional funds request is as you know reform continues to change based on legal challenges and feedback from the advocates;

we continue to modify the design of reform and expect to continue to do so through the term of this amendment as we implement medical benefit limits.

With respect to the flowchart, I can speak to Fox's role in my capacity as Chief Information Officer and how they relate to TennCare and can report the request back to TennCare for a broader understanding of the vendor roles. Fox brings subject matter expertise that we do not and would not have on staff. It has been 10 to 15 years since the State of Tennessee has gone through certification, so obviously we do not have staff knowledgeable of the certification process and Fox performs this role in other states. With respect to reform, this is essentially the same argument. They are not managing EDS; they provide subject matter expertise that we do not have on staff through design, analysis and testing of the changes.

Chairman McLeary: We appreciate you finding \$200,000 from two weeks ago, thanks to Senator Fowler. Representative Rowland, does his explanation satisfy you or do you want the flowchart before we go forward?

Representative Rowland: Actually, it just muddies the water even more because every time someone appears and tells us what a contract does, someone comes two weeks later and tells us it does something else. You are telling us it has to do with subject matter; we have been told that it was Fox watching over EDS. Every time we get told something different about what the relationship is between these vendors. Until I see a flowchart, I am not comfortable with any more of these contracts being presented for review. I distinctly remember the December 2004 meeting when they swore they would not be any more changes, that what we had before us would take care of the reforms that were coming. Now, less than six months later, TennCare is back again asking for more money for these reforms. I am getting tired of being told one thing and something else happening. No, my questions have not been answered and I

think a flowchart is at best a beginning point for figuring out where all this flows, who is doing what and who is involved.

Chairman McLeary: If all members agree, we will roll this contract for two weeks and see if we can get the flowchart. *All members agreed.*

Contract 3 (RFS#318.66-026 - Department of Finance and Administration, Bureau of TennCare with Volunteer State Health Plan, Inc.) - Presenter: Mr. Jim Shulman, Executive Assistant to the Commissioner of Finance & Administration.

Mr. Shulman: Informed members that amendment 10 added \$5,343,886 for a total of \$10,204,080. Funds will be matched by the federal government, 36% (state) 64% (federal) all for uncompensated care.

Chairman McLeary: Why is this arrangement with Meharry different from other providers?

Mr. Shulman: It is my understanding that this goes back four or five years and is for their dental program. Obviously Meharry depends on it, they work with General Hospital, and they suffer losses just like other hospitals. This year in particular has been pretty difficult and that is why they are asking for the additional money.

Chairman McLeary: They are asking for \$5.3 million for the remainder of the payments. I know that Jackson General does the same thing in Madison County and I have five regional hospitals that take indigent care and they are not getting the access money they expected to get. For one hospital to be treated differently than others across the state because it was in effect five years doesn't mean we have to give \$5.3 million more. I am just asking the question because I know everyone else wants it as well.

Senator Fowler: I do not know why this is set up the way it is but I just noted in the City Paper today some arrangement with an entity in Memphis that was a specific line item to the budget, Southern Cooperative Development Fund. There is no

**MINUTES OF THE
CONTRACT SERVICES SUBCOMMITTEE OF THE
FISCAL REVIEW COMMITTEE
MAY 23, 2005**

The Contract Services Subcommittee met at 12:00 Noon on Monday, May 23, in Room 29 of the Legislative Plaza.

Members present: Chairman McLeary; Vice-Chairman Fowler; Representatives Ferguson, Pruitt, Rowland, Shepard and Todd. Other Fiscal Review Committee members present: Chairman Curtiss and Representative Brooks.

Chairman McLeary: Called the meeting to order and informed members that there were four contracts for review:

Contract 1 (RFS#318.65-148 - Department of Finance and Administration with Fox Systems, Inc.) - Presenter: Mr. Brent Antony, Chief Information Officer, TennCare Bureau.

Mr. Antony: Information has been furnished concerning the outstanding amount on the contract as of the end of this contract period and last week we sent over information on a broader scope of contracts for TennCare.

Chairman McLeary: We did not receive the flowchart as requested but we did receive a list of TennCare contracts by categories. I think Representative Rowland wanted to know what contracts were overseeing other contracts and how they commingled. We can wait until our next meeting but would still like to receive that information.

Mr. Antony: There are only a couple of examples, both of which I think we hit on in our conversations over the last couple of weeks. One being the relationship between Fox and EDS and the characterization of whether they oversee or monitor the EDS contract and the other being the relationship between Schaller Anderson and First

Health. Other than that in our research there weren't examples of vendors watching vendors which I believe was the concern of the Committee. The resources of TennCare are available to meet with Committee members as necessary to answer any particular questions that I might not be able to answer today.

Chairman McLeary: What you have given us today is very helpful and I appreciate your time and effort.

Representative Shepard: I think it would be helpful if we could have an educational session after this legislative session and look at all the different contract groups. Then in the future when we talk about TennCare contracts, we would have some idea of where they are in the loop and who is under whom. I appreciate Representative Rowland requesting this information and it will be very helpful to us all.

Chairman McLeary: Who is the principal negotiator for TennCare on these contracts that go out on sole source bid?

Mr. Antony: A lot of these are coordinated through Darrin Gordon who is the Chief Financial Officer for the Bureau of TennCare. I would imagine there are cases where it expands to other agencies and bureaus where involvement may come at a higher level.

Chairman McLeary: Is there a motion to move this contract out? Representative Shepard makes the motion, the chair seconds it.

Representative Rowland: Just for clarification purposes -- the gist of what we are doing with this contract --the improvement is requested so that the hard edits can be put in and the reforms that are supposed to be coming can be implemented into the current software process. Is that correct?

Mr. Antony: That is a fair representation. It is to see our way through the certification from the Centers for Medicare and Medicaid Services and to implement the reform changes, both at TennCare and with our managed care partners.

Representative Rowland: Before we vote on this, I would like to remind the members of the Committee at certain points and times we have brought up various aspects of this contract. It was my interpretation and that of several others that these hard edits were already contracted for and should have already been in place. We have had this department before us several times promising that each contract will be the last and just for purposes of the historical information we have received and my uncertainty on this, I will be voting against moving forward with this contract.

Chairman McLeary: Called for a roll call vote. The contract received a favorable recommendation with a vote of 5-2 with Representatives Rowland and Todd voting no.

Contract 2 (RFS#331.034-237 - Department of Education with Business Information Group) - Presenter: Mary Reel, Executive Director of Evaluation of Assessment with the Department of Education.

Ms. Reel: I am here in Dr. Webb's place today; however, I was present two weeks ago when concern was voiced on three items. The first was OIR approval and I believe you received that. The second was liquidated damages and we have given you copies of the original contract and Amendment 1 for extending competency, additional tests for Gateway End-of-Course and also for the additional scan sites showing this inclusion. The third one was the transition services of one time of the \$78,500 in which they were omitted from the original RFP because the current vendor at that time CTB already had those connections and programs established. It was felt that they would have an unfair advantage considering the competitive bid process. Those were estimated at the time of \$150,000. We did receive three bids in which this contract saved us between \$10 million to \$30 million against the other two vendors bidding.

Chairman McLeary: The liquidated damages portion is still rather vague to us. It's not clear by reading the attachment that the additional tests and scanning sites are included.